

## Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 COME-00 AGR-05 STR-04 /023 W

----- 077700

R 030345Z APR 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9198

INFO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE SECTION 1 OF 2 SEOUL 2206

REF: A. STATE 065628 B. SEOUL 7222

SUMMARY: WHILE OFFICIAL 1974 KOREAN MUSHROOM PRODUCTION DATA SHOW SLIGHT INCREASE OVER 1973 TO 28,250 METRIC TONS, FALL CROP WAS DOWN 28 PERCENT FROM SPRING CROP. OVERALL EXPORTS REMAINED AT ABOUT 1973 LEVEL. TOTAL EXPORTS TO U.S. WERE DOWN ABOUT 31 PERCENT ON VOLUME BASIS, BUT SHIPMENTS TO U.S. WERE ON UPSWING IN LATTER PART OF YEAR, APPARENTLY AT EXPENSE EXPORTS FROM REPUBLIC OF CHINA (ROC). DESPITE OFFICIAL FORECAST FOR INCREASED PRODUCTION IN 1975, CURRENT OUTLOOK IS THAT 1975 PRODUCTION LIKELY TO FALL BY ABOUT 10 TO 15 PERCENT. HOWEVER, INDICATIONS ARE THAT FULL YEAR EXPORTS TO U.S. MAY BE UP MODERATELY. END SUMMARY

1. AS REQUESTED REF A. EMBASSY HAS UPDATED OUTLOOK FOR KOREAN MUSHROOM INDUSTRY FURNISHED REF B. THIS ASSESSMENT IS BASED ON INFORMATION OBTAINED BOTH OFFICIALLY AND INFORMALLY FROM MINISTRY OF AGRICULTURE AND FISHERIES (MAF) AND FROM TRADE SOURCES.

2. 1974 PRODUCTION: OFFICIAL MAF MUSHROOM PRODUCTION ESTIMATES FOR 1974 ARE AS FOLLOWS:

GROSS PRODUCTION (METRIC TONS)

SPRING	FALL	TOTAL
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1973	12,723	14,472	27,195
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1974 16,429 11,821 28,250

ACTUAL CANNED MUSHROOM PRODUCTION FROM ABOVE TOTALS WAS:

1973 - 26,520 METRIC TONS GROSS AND 31,824,000 LBS.,

DRAINED WEIGHT; 1974 - 26,900 METRIC TONS GROSS AND 32,280,000 LBS., DRAINED WEIGHT. COMMENT: ABOVE 28,250 GROSS PRODUCTION FOR 1974, UP 4 PERCENT OVER 1973, IS MODERATELY HIGHER THAN EARLIER, INFORMAL ESTIMATES WE OBTAINED FROM MAF TECHNICAL STAFF, BUT DATA REFLECT SHARPER DROP (28 PERCENT) BETWEEN SPRING AND FALL CROP THAN EVEN THOSE SOURCES PREDICTED (SEE PARA 4 REF B).

3. 1974 EXPORTS: FOLLOWING ARE: (A) 1972-1974

KOREAN MUSHROOM EXPORTS BASED ON ROKG OFFICE OF CUSTOMS DATA; AND (B) 1972-1974 EXPORTS BASED ON A MAF EXPORT SERIES.

A - KOREAN MUSHROOM EXPORTS - CUSTOMS DATA

	1972	1973	1974	1972	1973	1974
	(METRIC TONS)			(\$ MILLIONS)		
U. S.	5,545	6,650	4,593	8.0	8.3 *	5.8
CANADA	53	1,026	4,375	0.1	1.4	5.6
E. C.	491	6,786	4,383	0.6	8.3	6.0
(W.GER.)	(203)	(5,478)	(2,438)	(0.2)	(6.7)	(3.1)
(NETH.)	(282)	(1,180)	(1,633)	(0.4)	(1.5)	(2.4)
SWEDEN	-	476	943	-	.5	1.3

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OTHERS 288 413 532 0.2 .5 0.7

TOTAL 6,377 15,351 14,826 8.9 19.0 \* 19.4

\* STANDS FOR FOOTNOTE

\* FOOTNOTE PUBLISHED FIGURES FOR 1973 SHOW VALUE OF EXPORTS TO U.S. AS \$12.4 MILLION WITH OVERALL TOTAL OF \$23.1

MILLION. EMBASSY HAS DISCOVERED OBVIOUS ERROR IN A  
MONTHLY ENTRY AND HAS CORRECTED FULL YEAR TOTALS ACCORDINGLY.

B - ROKG MUSHROOM EXPORTS - MAF SERIES

1972 1973 1974 1972 1973 1974

(MILLION LBS., DRAINED WT.) ( DOLS. MILLIONS)

U.S. 13.1 12.9 8.8 7.5 7.5 5.6

CANADA 0.1 2.8 9.1 0.1 1.7 5.8

E.C. 0.6 13.8 10.2 0.4 8.1 6.5

(WEST GERMANY) (0.2) (10.9) (5.5) (0.1) (6.4) (3.5)

(NETHERLANDS) (0.4) (2.5) (3.8) (0.4) (1.5) (2.4)

OTHERS 0.6 1.7 3.9 0.3 1.0 2.5

TOTAL 14.5 31.2 32.0 8.3 18.2 20.4

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INFO OCT-01 EA-06 ISO-00 COME-00 STR-04 AGR-05 /023 W

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9199

INFO AMEMBASSY TAIPEI

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4. COMMENT: ACCORDING MAF, DIFFERENCES IN TWO ABOVE SERIES  
OCCUR BECAUSE CUSTOMS DATA OCCASIONALLY INCLUDE EXPORTS OF  
CERTAIN OTHER VEGETABLES IN MUSHROOM EXPORT DATA. MAF CONTENDS  
THEIR RECORDS MORE ACCURATE. WE HAVE NO REASON TO DOUBT  
THIS, PARTICULARLY SINCE DIFFERENCES RELATIVELY MINOR.  
WE CITE BOTH SERIES SIMPLY BECAUSE WE USUALLY HAVE MORE

TIMELY ACCESS TO CUSTOMS DATA AND EXPECT TO USE CUSTOMS DATA RATHER THAN MAF DATA AT TIMES IN OUR REPORTING. IT ALSO PROVIDES US WITH INDEPENDENT CHECK ON MAF DATA.

5. BOTH SERIES SHOW OVERALL 1974 KOREAN MUSHROOM EXPORTS AT APPROXIMATELY SAME LEVEL AS IN 1973, WITH STEEP INCREASE IN SHIPMENTS TO CANADIAN MARKET OFFSETTING DECLINE IN EXPORTS TO U.S. AND WEST GERMANY. HOWEVER, ABOVE FULL-YEAR TOTALS MASK WHAT WAS APPARENTLY SHARP UPSWING IN SHIPMENTS TO U.S. IN LATTER PART OF 1974. CUSTOMS DATA, FOR WHICH WE HAVE MONTHLY TOTALS, SHOW EXPORTS TO U.S. OF 2,045 METRIC TONS, OR 44.5 PERCENT OF 1974 TOTAL, IN FINAL QUARTER. WE DO NOT HAVE MONTHLY TOTALS FOR MAF SERIES, BUT DO HAVE EARLIER FIGURE SHOWING 4,440,000 LB. FOR FIRST EIGHT MONTHS, I.E., 4,330,000 LB. OR 49 PERCENT, WERE EXPORTED IN FINAL FOUR MONTHS ON BASIS THAT SERIES. DATA BEYOND DECEMBER 1974 NOT YET AVAILABLE.

6. WHILE EXPRESSING SURPRISE AT MAGNITUDE OF UPSWING SUGGESTED BY EXPORT DATA, TRADE SOURCES HAVE CONFIRMED THAT THERE HAS BEEN RECENT UPTURN IN KOREAN EXPORTS TO LIMITED OFFICIAL USE

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U.S. THEY ATTRIBUTE IT TO PROBLEMS WHICH ROC REPORTEDLY HAVING WITH QUALITY CONTROL WHICH HAS CAUSED SOME IMPORTERS TO SWITCH TO KOREAN SUPPLIERS. THESE SAME SOURCES WERE ANTICIPATING MODERATE INCREASE IN EXPORTS TO U.S. IN 1975, AS COMPARED TO 1974, FOR SAME REASON.

7. 1975 OUTLOOK: OFFICIALLY, MAF IS PROJECTING INCREASE IN 1975 PRODUCTION TO ABOUT 32,000 METRIC TONS WITH EXPORTS OF ABOUT 37.5 MILLION LBS., DRAINED WT. IN RESPONSE TO EMBASSY QUERY, JO, KYU IL, CHIEF OF MAF EXPORT DIVISION, PROVIDED SLIGHTLY LOWER PROJECTIONS OF 30,000 METRIC TONS PRODUCTION AND 36 MILLION LBS. OF EXPORTS. EXPORT TARGET FOR U.S. MARKET IN BOTH VERSIONS IS 9 MILLION LBS. DRAINED WT. OR ABOUT SAME AS 1974 LEVEL AS RECORDED IN MAF SERIES. IN FURNISHING REVISED FIGURES, JO CONCEDED THAT INDUSTRY HAS BEEN HARD HIT BY SHARPLY HIGHER PRODUCTION COSTS (AS DISCUSSED REF B) AND HE DESCRIBED REVISED FIGURES AS ABSOLUTE MAXIMUM KOREA COULD ACHIEVE IN 1975.

8. AS IN PREVIOUS INSTANCE, INFORMAL CHECKS WITH MAF TECHNICAL STAFF PROVIDED DECIDEDLY MORE PESSIMISTIC OUTLOOK. THESE SOURCES CONTINUE TO ANTICIPATE 1975 PRODUCTION HOLDING AT ABOUT 1974 FALL CROP LEVEL, I.E., AT ABOUT 22,000 TO 24,000 METRIC TONS FOR FULL YEAR. INDUSTRY SOURCES, CITING UPTURN IN U.S. MARKET, ARE SLIGHTLY MORE OPTIMISTIC. WHILE THEY DID NOT INDICATE SPECIFIC FIGURES, TENOR OF THEIR

REMARKS SUGGESTED THEY ANTICIPATE ROUGHLY 24,000 TO 26,000 METRIC TONS FOR FULL YEAR.

9. COMMENT: IN EMBASSY'S JUDGMENT, LOWER ESTIMATES OBTAINED FROM MAF TECHNICAL STAFF AND INDUSTRY SOURCES PROVIDE MOST REALISTIC ASSESSMENT OF CURRENT PRODUCTION OUTLOOK. BARRING A CHANGE IN MARKET CONDITIONS THAT MIGHT STIMULATE EXPANDED PRODUCTION IN FALL CROP, IT WOULD APPEAR THAT 1975 PRODUCTION IS LIKELY TO BE IN THE 24,000 TO 26,000 METRIC TON RANGE OR ABOUT 8 PERCENT TO 15 PERCENT BELOW 1974 LEVEL. WHILE THIS SHOULD RESULT IN DECLINE IN OVERALL EXPORTS, THERE ARE INDICATIONS THAT 1975 EXPORTS TO THE U.S. MAY SHOW A MODERATE INCREASE OVER 1974 TOTAL. IF TRADE REPORTS WE ARE GETTING HERE ARE CORRECT, THIS SHOULD OCCUR AT EXPENSE OF EXPORTS TO U.S. AND KOREAN EXPORTS TO OTHER MARKETS.

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## Message Attributes

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